

Political Economy Perspective on Social Development: Case Study of Rent-Seeking on Rice Import Policy and Coal Mining Policy in Indonesia

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Abstract

The research is aimed to reveal the prominent issue of rent-seeking on Indonesian Public Policy. The study emphasizes in intersets on food and mining sector. The political interset of policy is described by patterns of the rent-seeking activity through different regulation in both sectors. Answered the hypotheses as followed: (1) government elites are the main actors and they are mostly the policy makers from food institution, (2) the actors came from different political party and bring about the different agenda to be supported with regulation, and (3) food institution determined the rent-seeking activity through the same actors that dominate import. The important evidence of this point was the "three pairs of name" that affiliated with political party, importers and also influenced the regulation. Meanwhile result on rent-seeking practices in coal mining policies notify four different sectors and institutions, namely: (1) Mining and energy sector policies in order to enforcing tenders in coal mining permits that causing rent seeking practices in the process of issuing coal mining permits. (2) Forestry sector policy, where the measurement of boundaries for forestry areas are still easily manipulated for the benefit of rent seeking (3) Industry and trade sector policy that using surveyor reports and data manipulation. (4) Financial sector policy should carrying out the development of the digitization of the non-tax state income management system between related ministries and institution.

Keywords: Food Policy, Coal Mining Policy, Rent-Seeking, Social Loss.

1. Introduction

The dynamic of globalization has driven any nation to the changes of management in several sectors including agriculture and mining. Both of those sectors are considered urgent as priorities of Indonesian development strategy. This study aimed to unwrap the dynamic in policy making on both sectors. The research was conducted to reveal whether the policy has been formulated in order to benefiting public and support public value. Any policies should be operated in the name of public and for the benefit of national society especially the needy. Otherwise the mechanism of rent seeking in both policy will be the source of rent for the private business to achieved for the interest of the rents. Meanwhile the historical evidence explained that problems as basis discussion. In food policy the price of basic food in Indonesia was aimed to be moderately inexpensive. In this purpose, the government will do anything for the sake of cheap food at all cost.

2. Background

The problem in the discussion of coal mining policy is that high of world coal prices with low mining costs due to neglect of environmental costs and inefficiency of state revenue, ignoring environmental costs, is a source of conflict between the central and regional governments, because state revenue for coal is the authority of the central government, while local government only get environmental damage. Inefficiency state revenues, as

well as poor environmental management at a time when world coal prices are very high shows the existence of a mafia in coal licensing that takes advantage of policy loopholes and conflicts between the central and regional governments. Mafia are individuals and/or groups seeking coal rents by taking advantage of weaknesses in governance and closeness to those in power, resulting in non-optimal production, inefficiency and a high-cost economy. This interest of government in fulfilling the need was practiced since Order Lama era until the era. In New Order, food and mining were considered as a very political commodity so that the food institution was always the source of political party interest. According to Simatupang as reconfirmed by Lassa, even the food policy in Indonesia was merely the practice of kleptocracy activity since Soeharto regime use Bulog as for the interest of individual and political purpose [1,2].

Meanwhile, the coal mining policy in Indonesia in 2009-2014. policy actors are motivated to withdraw the authority to decentralize licensing because of the interests of the business elite and the bureaucracy [1]. The magnitude of the economic value is one of the reasons for the struggle for rents which is very thick [1]. Through the complex roles and interests of elites, the struggle for rents is carried out by exploiting the dualism of mining permits and manipulation of regulations to gain access to favorable policies. As a result, policies actually become a tool for central and regional government actors to fight over these rents.

Food Policy through subsidiaries of cheap food may cause the distortion of food prices and disturbing the efficiency of source allocation. This strategy actually delivered the new problem in which the production of food declined and it ended up with the dependency of imported food. Few of data collected from the previous initiative research conclude that in rice import contestation, Indonesia has faced the following case: (a) Rice import as

political government policy that shown certain pattern in term of period , (b) this policy seems to be self interest by sector division, and (c) implementation of policy caused by rent-seeking practices in which the rice import mechanism appeared to be potentially corrupted. The evidence of authority and regulation misuse mostly occurred in Bulog area.

No	Year	Actors	Note
1	1973	Achmad Tirtosudiro Fired from position in Bulog	Corruption case. Unrevealed. (Source: Kompas, 12 April 2003, Tempo 1974)
2	1990 Fund of Bulog for Cooperation Department	Bustanil Arifin In the court process during 2002-2008. BA passed away in February 2010	Corruption case, costs Rp10 billion for purchasing the land belongs to Bambang Trihatmadjo in Rasuna Said, 4.003 meter ² (Source: <i>Komoditas</i> , 18 Juni 2001)
3	1998 Ruislagh of Bulog and PT Goro	Beddu Amang Sentenced for 4 years in November 2001	Ruislagh case of Bulog and PT Goro Batara Sakti. Sentenced for 4 years in November 2001 (Source: Kompas, 2 January 2002)
4	1999 Bulog-gate II	Rahardi Ramelan Sentenced for 2 years in October 2004	Rp 62,5 billion of fund goes to Golkar Party (Source: Court Legal Document, in Putusan No. 1260K/Pid//2004.
5	2001 Bulog-gate I	Sapuan/ Wakabulog Sentenced for 4 years in November 2001, but released by the Supreme Court (MA)	“Non-budget” fund of Bulog, Rp 35 billion (Source: Kompas, 12 April 2003)
6	2001 – 2003 Vinafood	Widjanarko Puspoyo Corruption and gratification case of Rp1,5 trillion. From Vietnam Southern Food Corp rice import 2004-2006	Cash transfer from Vietnam Food US\$1,5 million to PT Tugu Dana Utama, then transfer of US\$1,2 million to family account of Widjanarko Puspoyo (Source: Court Legal Document in Putusan No. 1066K/Pid.Sus/2007)
7	2004 Misuse of authority	Nurdin Halid Sentenced for 2 years each for illegal tax and rice import in 2001	(Source: Court Legal Document in Putusan No. 1029K/Pid.Sus/2007
8	2005 Sukhoi and fake cattle import	Widjanarko Puspoyo (Kabulog) Sentenced for 4 years 31 January 2008	Rice import exchange with Sukhoi jet plane (Russia) and fake import of 3.000 cows costs Rp 11 billion (Source: Court Legal Document in Putusan No. 1079/Pid.Sus/2008
9	2005	Setyo Lelono Illegal import tax of PT Hexatama Finindo, Rp 4,5 billion.	Setyo Lelono/Director of PT Hexatama Finindo Sentenced for 2 years (Source: Court Legal Document in Putusan No. 2010K/Pid.Sus/2011)
10	2016	No rice import during this year	Government claim: Efficiency of 20 trillion IDR budget
11	2018	Mistake in amount of import estimation	Over stock of rice in 2021. About 10.000 tons is rotten
12	2022	Martha Mulu. Former treasury of Bulog Institution in Sorong Selatan	14,9 billion IDR corruption in October 202
13	2022	AA (suspected) Former of Process manager in Bulog Serang West Java	1,4 billion IDR corruption in July 2022
14	2022	I (suspected) Business partner in rice procurement of Bulog	500 ton sof rice missing in Bulog Storage

Source: Court Legal Document and media source (1999 – 2014)

Table 1: Table Case of Corruption in Bulog and partners in 1973-2011

Rent-seeking practices in coal mining policies occur in the form of illegal lobbying in the form of bribes (rent-creation), making policies that pressure entrepreneurs to expend their resources (rent-extraction), as well as manipulating figures in the form of mark-ups or mark-downs (rent -seizing) in an attempt to obtain rents. The rent-seeking pressure point in coal mining policy is the ease of obtaining mining business permits by enacting regulations that benefit entrepreneurs in the form of Contracts of Work or Mining Business Permits.

Rent seeking on coal mining policies found rent-seeking networks (mafia) related to coal mining permits, both rent-seeking networks (mafia) in local governments, provincial governments, the Ministry of Forestry, and the Ministry of Energy and Mineral Resources. Rent seeking studies on coal mining policies also confirm that policy output is largely determined by elite entities that occupy the top leaders of an organization represented by mining entrepreneurs and bureaucratic structures. The practice of rent-seeking in coal mining policy shows that the ruling-business elite represented by policy actors is the epicenter of rent-seeking in the coal business, strengthening the argument that the policy elite plays a role in exploiting regulatory loopholes through the role of bureaucrats (and entrepreneurs) as the main players.

In the Coal Mining Policy in Indonesia, the implementation of policies that become the arena of rent seeking are: 1. Rent-seeking practice of making mining business permits; 2. The rent-seeking practice of manipulating data in surveyor reports for coal export licensing requirements; 3. Clear and Clean certification rent-seeking practices to verify the issuance of mining business permits; 4. The practice of rent-seeking in the political business of licensing mining business permits for the purpose of regional head elections. This rent-seeking practice lasted from 2009 to [3]. Furthermore, in this period, policy implementation was full of actor interests through manipulation, exploiting regulatory loopholes, and inconsistent application of regulations.

3. Research Question

Based on the problem identification, the following question may be the most proper question to be deeply answered in the research: *How the policy actors' interest may influence the output of both policy formulation and how it also determines the pattern of rent-seeking in policy making and mechanism.* In term of policy complexity in literature review, the research began with the hypothesis of the following insight (1) government elites are the main actors in formulating policies, (2) the actors of policy come from different political party with their own agenda to be facilitated, and (3) rent-seeking practice is determined in the government institution.

4. Literature Review

This research basically attempted to study the correlation of actors in policy formulation. It refuses the argument that policy will be purely objective and rational even when it is formulated in a rational way. Since neutrality is something to be critically questioned, the output of policy will accommodate any interest of the policy elites. In this case, the role of any actors in

the circle of policy formulation become the turning point of the research object. To emphasize the actors' role, some frames of theory were used to explain how and in which agenda the interest will be facilitated. Policy that is designed for the public can not be separated from its interest aspect and power of authority (Hadiz in Dwidjowiyoto 2007: v). This stress is reconfirmed by the statement that any policy should not be in any certain side of groups and should stay in its neutrality. Laswell (in Parsons, 2008: 17) stated that policy should be used to divine the most important choice either for public or private institutions in the cycle of organization. Furthermore, it should be free from the atmosphere of being political which is strongly associated with the connotation of "corruption".

The political economy approach considers the point of interest as the one of the most important things. In this aspect, any policy actor is assumed as an entity with its own interest. A study conducted by Bates (1981; 1985; 1989; 1990) represents the actors' interest in the policy area in food policy. Bates questioned the actor behavior model to answer the question why state intervention in African countries brought about the market distortion and further decline of national production of food and agriculture commodities. Bates disagrees that rationality puts the individual rational above anything. For the same reason, the political economy approach with actors' interest concept is then adjusted to analyze the problem of this research.

Bates (in Mas'ood, 1994) stated that the lower achievement of development in poor countries and the third world became the main cause of poverty in this continent. It is merely caused by human mistakes in implementing poor policy. It is fully confirmed then, even though policy in food and agriculture never gives any benefit to the farmers, but it is always politically considered as a rational decision.... *Why should reasonable men adapt public policies that have harmful consequences for the societies they govern... Agricultural policies becomes a byproduct of political relations between governments and their urban constituents... (Bates 1980:33).*

5. Rent Seeking Approach

The term of *rent seeking* originally refers to the economical term in which it is definitely rational to be practiced as a rational act as cost-avoiding. In the context of the economic system, rent seeking will provide efficiency (Krueger, 1974; Mudambi, 2004). Further, in political context, the practice of *rent seeking* will be related with political interest in which the benefit for a group will eliminate the benefit in other parties for its direct transfer of revenue (Tullock 1968; 2005).

In the case of political economy approach, the contestation of rent-seeking is described as a certain act through certain access in which an effort can be executed as lobbying to get special privilege from the government [4]. This model is mostly used in several developing countries were the highly intense state intervention still exist "*The term rent-seeking refers to action aimed at obtaining special government privilege. The model has general applicability but has special suitability for developing countries where government interventions are frequently all em-*

bracing...”[4].

6. Research Method

6.1. Research Design

To dig the research deeply during the period of 1999-2009, the study was divided into three different periods respectively:

1999-2001; 2001-2004 and 2004-2009. Every period is analyzed emphasizing the main characters of rent seeking: (a) the general character of food policy, (b) regulation in prolonging rent-seeking activity, and (c) policy actors/elites and the political party dominating the policy sector.

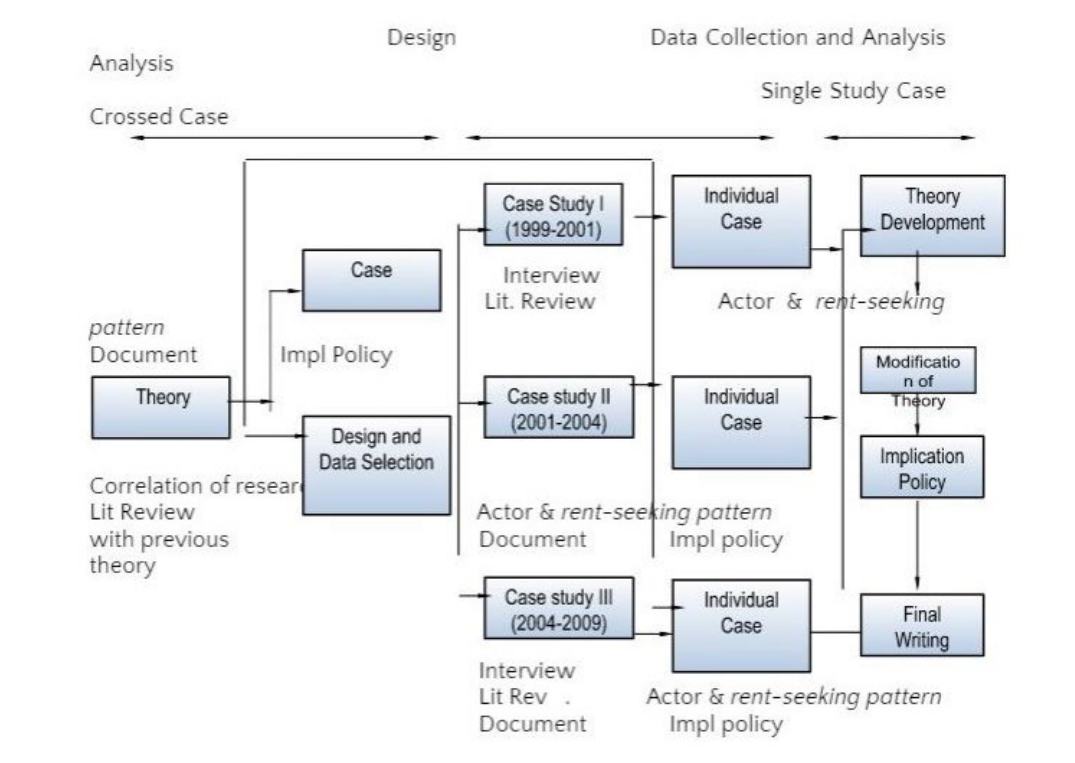


Figure 1: Multi- Case Study Method in Research

Those prominent issues were then divided again into 9 research indicators to lead in obtaining data research, namely: (1) the use of data for government purpose, (2) the phenomena of overlapping regulation, (3) “Hire and Fire” indication to carry on the rent seeking activity, (4) change of import quota, (5) political affiliation and nepotism along the business persons, (6) food and mining regulation, (7) food institution transformation, and (9) legislative role of DPR members. Data triangulation was made to develop the deeper and comprehensive picture of the policy dynamic. Media literature and in-depth interviews of policy-makers were used for primary data, and other data and information from statistics, regulation and other government legal documents were collected for supporting data.

7. Concept Definition

Policy on Food and Coal Mining. Any government act related to rice importing decisions and regulation in order to allocate the source through regulation in order solve problems in food policy and sufficiency. Rent seeking. Definition of *rent-seeking* in this research refers to any effort to achieve the *government special privilege*. To emphasize the *rents* in the term of privilege from government resulting in priority in terms of regulation and also as fee in certain import transactions. Indicators of *rent-seeking*. The *rent-seeking* indicators were adjusted to the result of previous and most recent study in terms of rent-seeking behavior of

states, tendency of *rent-seeking inter political institutions* [5].

Rent-seeking Patterns. To give some understandable picture of *rent seeking patterns*, Hidayat (in Utomo, 2006) has explained the phenomena of rent-seeking in Indonesia to be divided into 3 different patterns, namely (1) *Organizational Corporatism*: relation between institutions, (2) *Individual Linear Alliances*: between individuals which protecting each other politically and in term of economic incentive, and (3) *Individual Triangle Alliances*: through different persons as the third party.

8. Result of Research Results of this research were mainly the difference of focus and characters on policy in 3 periods. Those include the different patterns of the rent-seeking activity and various attempts in maintaining rent-seeking through different regulations. Meanwhile, the main reason for the rent-seeking activity was the policy elites’ interest that was facilitated through political party access.

8.1. Rice Import and Food Policy

The rent seeking activities of all three different periods were well maintained through different stages, namely (a) “Rice for the Poor” program and rice import justification in order to get profit from import activity (b) rent seeking among bureaucracy areas, and (c) supporting production-biased policy. The result

showed the various patterns of rent-seeking which were dominated by political parties in those periods in answering questions whose final interest counts.

Explanation of research finally answered the hypotheses as followed: (1) government elites are the main actors and they are mostly the policy makers from food institution, (2) the actors came from different political party and bring about the different agenda to be supported with regulation, and (3) food institution determined the rent-seeking activity through the same actors that also dominate the import area. The important evidence of this point was the “three pairs of name” that affiliated with (the same) political party, executed importing processes, and also influenced the regulation in the same time:

1. The Gus Dur era has kept the previous and food policy actors “from the past” in the government system. Furthermore, they played a major rule and possessed a strategic position in influencing the decision. Another character in this era was the political agenda in food institutions. The case of Bulog-gate became one of the biggest scandals during the Gus Dur and Megawati era. The scandal of Buloggate I and buloggate II turned from a food agenda into a political war between Golkar/PDIP and PKB [6]. During that period, government policy in term of rice import put the economic reason of rents in the import mechanism. The area of food import business gradually changed by the appearance of new player from political party. In other hand the reason of rice stock and IMF conditionals gave the make it easier for Bulog to justify at least (another) 2 million tons of rice in order to fulfill the national stock for Raskin program and rice price stabilization, annually. This character of food policy in this era brings the more dynamic policy in international trading business. First, the only 20 months of Gus Dur era is the transition time of government that provide big change and further transformation.

2. In term of trade regulation, some change are made to handle the worse situation. The most important regulation is the removal of 0% import tariff for rice. Second, the atmosphere in Bulog is still dominated by actors from previous regime to emphasize that the rent seeking practice in rice import still dwell in the same older regime way. Even the change take place in Bulog’s leadership board, the institution itself tends to keep the old style of policy in permissively justify the rice import. Third, political combat in Bulog in term of food import policy end up with the impeachment against Gus Dur. This blunder also provide the fact that the Golkar politicians still dominate the political contestation even in the reformation era. In this period, the change of Bulog task and transformation in official board is not immediately followed by the more transparent import mechanism. Contrary, the transition time is pursued by the appearance of new business from political party. The significant number of political new import business people is sufficient to facilitate elites’ interest.

3. Megawati Era BRAND OF BULOG AND IMPORT RESTRICTION

The main character of policy in Megawati era the new brand of food institution., the inconsistent data and another old player from previous regime. During 2001-2004, government took a very highly careful steps in term of food import. The case of

Buloggate case put the new government in a more difficult position. Unfortunately along this period, since the change of status, Bulog can put the task to gain profit more easily. The finding of this chapter are: First, the fact that inconsistent data appeared and used by government to justify import, and to restrict import in rice commodity. The fact that government hide the number of total rice import shows that institution serves the government and political elites, Indonesia instead of serving the society. The conclusion confirmed in this period commits the significantly use of data along 2002-2004. Second, the policy characteristic where the actors’ role make this possible to control rice import policy and further make use of Buloggate for political fight between the ruling parties of PDIP and PKB, but also Golkar as another prominent party.

Meanwhile when bueaurocrate need to serve the political elites in government, some regulation needs to be adjusted. One of the example is a pair institutional letters (SKep) from department that contradict each other. The fist letter command to stop the import, and the other letter command to allow the import activity in order to accommodate government income through checking the import tariff.

This incident proves the invisible maneuver from the importers cartel - which is mostly called “mafia moor” by media- to prolong the rent seeking activity through the everlasting rice import. Even in the critical time when government decide to restrict import, the other reason appear to justify it and highly supported with formal regulation. The other interesting point is the fact that import area is soon dominated by the business players from political party. These business people have highly premium access through Bulog leader and Golkar party. Third, the actors of rent-seeking along this period has created the untouchable network in which the cartel can help each other with political party affiliation either directly or indirectly.

The main institution is not only Bulog and political party, but also PSSI as national sport institution. The direct affiliation through Golkar was proven with the intense business relation of three pairs of name from Golkar and PDIP namely WP1, WP2, SN, SL, NH and WH. Meanwhile, the indirect affiliation was shown by the case of many different misuse between NH and MZ through PSSI.

4. SBY ERA 2004-2009: TOWARD IMAGE OF FOOD SOVEREIGNTY

The main finding oh this section is the fact that policy elites accommodate themselves to get “populist looked alike policy” through policy formulation. In term of food policy, the main issue in this era was food sovereignty. No wonder, one of the policy was emphasized in food production. Explanation in this case will also prove he indicators and how those policy actors play role strongly in *rent-seeking* activity in rice import during 2004-2009.

Claim of rice self sufficient in 2008 the followed by biased-production policy, and the rent seeking in rice import keep going and even getting more intense. First, the commitment of govern-

ment not to interfere Bulog (by keep the previous Bulog leader) unfortunately give the bigger authority for Bulog through its superior task in importing commodities especially after the change of Bulog's status. Later this authority put this institution with much more misuse and scandal either in rice import or import regulation.

Rice import during 2004-2009 was meant to be the very last option to be executed, and the focus of government policy is in the production area. Unfortunately, this is not truly happened. It prove that rice import consideration is not in the name of public expectation, but merely the domination of the ruling party. Second, the role of legislature participatory is indeed significantly increased. The dynamic of its evaluation of food import policy are more alive and vibrant. The main issue was “Hak Angket DPR” and Investigation Team after the scandal of WP-Bulog emerged in 2005. Unfortunately, the Hak Angket was never be executed, after some members of legislature refused to attend the voting.

Third, to make sure that rent seeking practice in rice import will be fully well managed in the sake of political elites' interest, some effort should be taken to sustain it. Some attempts are taken through instant recruitment of highly official among the ministry. Promotion of any advantageous positions in an authority was conducted using the concept of Hire and Fire. Removing certain personnel can be easily executed as long as the he or she is considered potentially possible to slow the business down in term of rent-seeking. This point is the root of social loss caused by rent-seeking activity with a very long term impact. When food and rice import policy is controlled by elites with their own interest, and formally supported by regulation, the welfare loss will gradually and finally cause the worse destination: a wider social gap.

Rent seeking activities above were well maintained through different stages and basically continues to the recent governance. A comprehensive article was published in 2019 about the political perspective of rice import during 2014-2019 [3]. The article emphasized the difference between the former regime and Jokowi regime and the pros and cons among the actors both legislative and executive.

Earlier research conducted in 2016 reported the main factors affecting the number of rice imports, namely production, consumption and devisa [7]. An interesting result is reported based on data analyzed from 2000 to 2014. It showed the production and consumption number did not significantly affect the rice import amount. On the contrary, the number of devisa variables affect positively toward the number of rice imports.

The recent study about rice and food policy confirms that consumption is still higher than production. Meanwhile population growth is still considered high and the increase of domestic rice prices. Both factors contribute to the amount of consumption, higher than the quantity of rice product [8].

Similar research conducted in 2019 has confirmed that the pro-

duction increased from 2007 to 2018, but the surplus of rice was not the reason to avoid rice imports. Number of imports increased during 2007-2016 and surprisingly declined in 2017 (Armaini, 2019)). The number of rice imports is influenced not only by the number of production but also the number of consumption. To decrease the consumption amount, the government encourages the public to consume more alternative staple food rather than rice.

Political economy research was conducted in 2019 concerned about the policy direction of rice import during 2014-2019. But the data is not sufficient for no data from policy actors. The research was on developing the map of the group actors who support and those who resist rice import policy [3]. Pros and Cons are obvious among the high official actors. The difference of data number was used for the interest of the organization.

In terms of rational choice actors, it was revealed no one was actually rational. The term rational is only considered logic in economic perspective at an individual level. That is what the policy actors actually never act for the sake of the public. Even if the politician takes the position as the public side, as a representative of their constituent, that is partly individual. So, it is still considered an individual decision. It is not altruistic, ar may be stated false-altruistic.

9. Coal Mining Policy

The era of coal mining decentralization in Indonesia (2009-2014) has encouraged regions to be more active in creating rent-seeking. The activity of the regions in creating rent-seeking was a differentiator during the mining centralization period (before 2009), where the center as the epicenter of power was more active in creating rent-seeking. In contrast to the explanation by Parker (2011) that rent-seeking in a policy context is understood as an entrepreneur's attempt to fulfill an interest by obtaining convenience from the government, namely obtaining special access in policy formation, the research results show that during the mining decentralization period the regional bureaucracy was more active in creating rents. -Seeking through local politics with the patronage business mode, by utilizing undeveloped capital to be co-opted, bearing in mind that this type of capital requires political power to protect its business in the regions. The high cost of local political contestation is a trigger for the active regional bureaucracy in creating rent-seeking so as to foster political corruption.

Coal mining policy conflicts in Indonesia are in the arena of coal mining concession permits. The permit is in the form of a Coal Mining Contract issued by the central government with a Mining Business Permit issued by the region. The dualism of licensing policy often creates conflict. This was sharpened by the clear and clean certification policy issued by the central government to regulate mining business permits in the regions, where this policy was also used as a rent-seeking instrument to remove mining business permits issued by the regions to perpetuate the monopoly on coal mining control by government-issued mining contracts of work. center, so that the Minerba decentralization arrangement is based on Law no. 4 of 2009 is difficult to

implement the results of the study are based on the theoretical arguments used. Empirically, this is explained in the results of research findings in the form of confirmation of the role of coal mining policy actors, where the role of actors in coal mining rent-seeking contestation has a distinctive character and becomes a research finding as follows:

10. Characteristics of Rent-Seeking of Coal Mining Policy

The characteristics of rent seeking coal mining policies include the following. First, there is the utilization of the dualism loophole in the policy of decentralizing permits for regional mining business permits and centralization of permits for mining contracts of work which become the estuary of conflicts of authority and conflicts of interest. Second, there is a complexity of actors in the coal mining licensing rent-seeking network which is marked by three actors, namely middlemen, women lobbyists, and Paranormal. Third, the role of the surveyor as an intermediary institutionalized by the government. Fourth, there are central and regional bureaucratic actors working together, competing and at the same time in conflict. The fifth feature is the rise of the capital sector which is not yet fully developed, so that it uses political power in order to protect its assets and causes political corruption.

11. Rent-Seeking Mafia Network on Coal Licensing

The roles of actors and relations between actors form a mafia network by taking advantage of governance weaknesses and closeness to those in power. The strength of patron-clients in the rent-seeking mafia network is at 6 points, namely: (1) Regional licensing rent-seeking mafia network, (2) Provincial licensing rent-seeking mafia network, (3) Forestry licensing rent-seeking mafia network, (4) Mafia network for rent-seeking mining permits, (5) Mafia network for rent-seeking surveyor institutions, and (6) Mafia network for rent-seeking regional political business.

The relationship between ruling bureaucrats and businessmen in this mafia network shows weak governance by exploiting regulatory loopholes, manipulating regulations, or making inconsistent regulations, where the relationship between ruling bureaucrats and businessmen is characterized by the use of third parties as intermediary brokers, women lobbyists, and paranormal who do persuasion, the use of a third person as a liaison between the ruling bureaucrats and businessmen shows the weak leadership of the ruling bureaucrats, weak governance and leadership is an arena for rent-seeking mafia networks.

In the rent-seeking mafia network that is in 1) regional licensing, (2) provincial licensing, (3) forestry licensing, and (4) mining permits, there is a relationship between the authorities and entrepreneurs using a third person as an intermediary, a woman lobbyist, and a third person who is a paranormal, the relationship between the ruling bureaucrat and the entrepreneur who uses this third party forms a very strong patron-client bond, while the interesting findings regarding the relationship between patron-client ties and rent-seeking patterns in the mafia network can be explained as follows. Homogeneous patron-client ties will produce rent-seeking patterns in the form of individual lin-

ear alliances, whereas heterogeneous non-complex patron client bonds will produce individual triangle alliance patterns, while patron-client bonds originating from complex heterogeneous groups will produce organizational corporatism patterns.

Interesting findings in the rent-seeking mafia network above, almost always use the role of a third person who is a paranormal as adviser and determinant in making rent-seeking decisions. The presence of paranormal as a typical phenomenon of eastern culture answers the absence of impersonal guarantees and security, status, and welfare positions in the practice of rent seeking. This security guarantee is obtained because of the paranormal's ability to conduct screening and persuasion of clients for the safety of the "bribery" process. This explanation is supplemented by an indicator of the form of the patron client, namely the penetration of the informal structure through the formal structure with the role of "The Big Men", in this case a supernatural intermediary who penetrates bureaucratic formality and is accepted because of the patron's autonomous role in the bureaucracy.

The 5th rent-seeking mafia network, namely surveyors, is also an interesting finding, where the surveyor rent-seeking mafia network is characterized by the role of surveyors who are private entities institutionalized by the government. By forming an organization that is the government's arm in carrying out this export verification, the government forms a hybrid organization (between the private sector and the government). However, the role of the surveyor here is different from the role of the surveyor in other studies, which is a government tool for efficiency in order to maximize state revenue. Surveyors in this network actually create huge losses to the state with the self-assessment method so that data is easily manipulated based on the wishes of the patron (exporting entrepreneur).

Meanwhile, the 6th rent-seeking mafia network is a political business network for regional mining business permits. This network is an anomaly in the rent-seeking mafia network due to the unique structure of the patron-client bond. Where the network's patron client ties are actually heterogeneous because they are ties of several groups, such as elite entrepreneurs, intermediaries, Paranormal and bureaucrats. However, because they are groups with the same political goals, the pattern formed in rent-seeking is individual linear alliance. This relationship pattern is a pattern formed in a homogeneous patron client structure which is actually the same political group. This political business rent-seeking network for regional mining business permits shows that the ruling elite-entrepreneurs represented by policy actors as the epicenter of coal rent-seeking business actually come from a group of regional ruling elites, who not only control state positions and key economic positions, but also manipulate the process of democratization in local elections.

12. Actors and Rent-Seeking Actor Relationship Patterns

The practice of rent-seeking with different forms and instruments carried out by a number of actors, patterns of relationships, and the role of policy actors in the practice of rent-seeking coal mining policies shows that the role of policy elites is to take advantage of gaps in policy manipulation through the role of bu-

reaucrats and entrepreneurs. Rent-seeking interests in elites can access policies with a patron-client approach. Policy elite with the support of unscrupulous bureaucrats perpetuate rent-seeking in the following ways. First, take advantage of regulatory loopholes through data manipulation, violation of regulations, and issuing new regulations. Second, the role of the three actors (middlemen, women, and paranormal) and the role of the surveyor: in carrying out their interests can determine output and determine important decisions in the process of policy formulation. Third, patterns of relations and the role of the government in creating rents by influencing access to rent-seeking, even playing an active role in creating rent-seeking.

13. Role Of "Third Person" Actor in Coal Mining Licensing

The role of the third person in this study appears in the figure of an intermediary who connects entrepreneurs as users of policies with the government as policy makers. This study found a third person role with a very wide variation with the actor's ability to transform into another role. "Intermediaries" are tasked with bringing together entrepreneurs and policy actors, both in the regions and in the Ministry. "Paranormal" is tasked with securing rent-seeking practices by means of persuasion with rent-seeking clients, paranormal actors are the entry point for rent-seeking. "Women" actors are tasked with facilitating lobbying and facilitating access to rent-seeking. This rent-seeking activity also involves intermediaries institutionalized by the government, namely surveyors, to mark-up or mark-down technical data for the benefit of rent-seeking.

14. Ruler-Entrepreneur Contest as Elite Role Domination

Entrepreneurs influence the authorities in creating rents. The role of entrepreneurs is to lobby by spending resources to influence the government to create rents characterized by direct rent creation, manipulation by violating regulations, and issuing new licenses that are inconsistent. Rulers dominate and take the initiative to create rents. The government's steps in perpetuating rent-seeking are carried out actively, namely when the government takes the initiative to create rents through rent extraction, namely making derivative regulations that force entrepreneurs to expend resources so as to create a new rent-seeking arena, such as clear and clean certification, deletion certificate of origin of coal, legalization of the surveyor self-assessment method, as well as "Amdal-worthy" regulations for oral mining business permits in cases of local politics.

15. Bureaucrats Are in A Circle of Rent-Seeking Practices

The relationship between the central and regional governments through their actors in coal mining policy activities is cooperation, competition and conflict. Central and regional bureaucratic actors work together for the benefit of rent seeking in "legalization of mining business permits that are manipulated in a back-date manner" in an effort to create, transfer, and perpetuate rent seeking in the same rent seeking network. The central and regional governments compete and conflict in different rent-seeking networks when the two compete for interests in the dualism of permits (coal mining business permits issued by the regions versus centrally issued coal mining work contracts) to fight over mining areas by exploiting regulatory loopholes.

16. The Government Institutionalizes Third Parties in Creating Rent-Seeking

The surveyor is a third party institutionalized by the government under the regulation of the Minister of Trade no. 384 of 2008. This regulation regulates the verification of coal mineral mining products by surveyors using the self-assessment method. The method of manipulating through data is the source of the large potential loss to the state because export data is allowed to be owned only by surveyors without the control and balance of the government.

17. The Government Creates Rent-Seeking Through Local Politics

The electoral contest that took place actually resulted in leadership with a patron-client character because political figures were formed from the creation of rents through local political processes. Local governments driven by incumbents created new rent-seeking through the idea of increasing local revenue (PAD) to justify sales of coal mining business permits. In this case the regional government took the initiative to create rent-seeking by utilizing the authority to issue coal mining business permits even though it is feasible, it does not meet the environmental impact analysis requirements. The need for constituent costs to win local elections is the cause for local governments to entrust the agenda of creating rents through mining entrepreneurs.

18. Political Corruption Occurs in The Rent-Seeking Mechanism

Bureaucratic actors and entrepreneurs play a dominant role in forming a specific rent-seeking mechanism. Political corruption in the mining sector (especially in the regions) occurs due to the rise of the capital sector which is not yet fully developed, thus making use of political power in order to protect its assets. The practice of rent-seeking which is the case in this study shows a different mechanism, but has a tendency for the same rent-seeking proxy to occur in the form of political corruption. Political corruption is basically a rent-seeking society's way of formally strengthening its power. In order to gain legitimacy for its influence, the rent-seeking society intervenes in the path of the legislature in the form of a political deal with the institution and uses the vehicle of a political party. The deal mechanism with parties occurs in at least three ways, namely direct support, issuance of permits, and direct deposits to parties. The first mechanism is that local elections take place in the form of providing direct financial support by mining companies to regional head candidates. The second mechanism is in the form of issuing mining business permits which refers to the provision of financial incentives at each post or stages of issuing the mining business permit. The final mechanism is through regular deposits in party coffers.

19. Strategy of Patronage and Political Corruption from Coal Rent-Seeking Activities

The results of the study show that populism that forms political figures does not result in much change in good governance because the cost of forming these political figures is derived from rent-seeking activities through manipulation, exploiting loopholes, and implementing inconsistent policies. Patronage has become a paradox for local democratization due to the lack of

accountability and transparency. The patron-client mechanism depends on the distribution of power in elite-dominated power networks. The empirical facts of the strong role of businessmen and authorities in this case answer questions about patron-client relations as the main obstacle to development. Political corruption in the mining sector in the model of social relations in the

form of patron-client imposes mining regulations that benefit unscrupulous bureaucrats.

20. Conclusion

The rent seeking activities of all three different periods were well maintained through different stages.

No	Indicators	Government Period		
		Gus Dur 1999-2001	MEGA 2001-2004	SBY 2004-2009
1	Performance of Food Policy			
	Production	Decline since 1995 and post GR	Declining of production and import restriction	Claim of national food-self sufficient in 2008
	Import	Surge import 1998 and 2000	Surge import and illegal rice import	Import time management
		Initiated in 1998	Increasing number since 2003	Fluctuative amount of Rice for The Poor 2007-2009
2	Regulation			
	Quota	Free trade of import until 1999	Quota import and import instruction	Quota import except special purpose rice
	Import Tarff and other regulation	Import Tariff 0% 30% in 2000	Inconsistence of data, Overlapping Skep	Hire and Fire, change of importer regulation
3	Actors of Policy and Political Party			
	Actors	SP, WP	NH-WH, SN-SL, WP-WP1	SN, SL WP
	Political partly	Golkar, PKB	Golkar, PDIP	Golkar, PKS
	Pattern of rent-seeking	Individual Linear & Triangle	Individual Linear & Individual Triangle	Individual Triangle & Org Corporatism
4	Factors external			
	Institution International	IMF and Structural Adjustment prog.	Resep Rice for The Poor WB and "Privatisasi"	WTO and political pressure from food exporters
	MNCs	Controlling agric. input since 60es	World Food Regime	MNCs to feed the world

Source: Research result

Table 2: Table of Comparison between Three different period refer to Food Policy

Result of this research were mainly the difference of focus and characters on policy in 3 periods. Those are including the different patterns of the rent-seeking activity and various attempt in maintaining rent-seeking through different regulation.

Meanwhile, the main reason of the rent-seeking activity was the polie elites' interest that was facilitated through political party access. The rent seeking activities of all three different periods were well maintained through different stages, namely (a) "Rice for the Poor" program and rice import justification in order to get profit from import activity (b) hire and fire among bureaucracy area, and (c) supporting production-biased policy. The result shown the various patterns of rent-seeking which dominated

by political party in those periods in answering question whose finally interest counts.

Explanation of research finally answered the hypotheses as followed: (1) government elites are the main actors and they are mostly the policy makers from food institution, (2) the actors came from different political party and bring about the different agenda to be supported with regulation, and (3) food institution determined the rent-seeking activity through the same actors that also dominate the import area. The important evidence of this point was the "three pairs of name" that affiliated with (the same) political party, executed importing processes, and also influenced the regulation in the same time.

	Indications of weak governance	Indications of weak leadership	Output Regulations Licensing	Role of Actors in the network		Types of Rent-Seeking	Superior Patterns
				Inferior	Regulatory		
Local	Regulatory manipulation	Using intermediaries	new IUP backdate	Regional Head	-Regional bureaucrats, -Entrepreneurs of IUP	<i>Rent creation (bribing)</i>	<i>Individual Triangle Alliance</i>
Provincial	Utilization of forest boundary regulatory loopholes	Using intermediaries and women as intermediaries	Recommendations for area utilization permits Provincial Forest	-Women intermediaries	-Provincial bureaucrats -Entrepreneurs	<i>Rent creation (bribing)</i>	<i>Individual Triangle Alliance</i>
Ministry of Forestry	Utilization of gaps in forestry boundary regulations	Using the Three Ps (women, psychics, and intermediaries)	Forest utilization permit for mining business license	-Paranormal -Bureaucrat	- Women intermediary -Entrepreneur - courier intermediaries	<i>Rent creation (bribing)</i>	<i>Individual Triangle Alliance</i>
Ministry of Mining	loopholes in PNPB payment	Using the Three Ps (women, paranormal, and intermediary)	IUP registration	-Paranormal -Bureaucrats of Ministry	-bureaucrats Regional - Courier intermediaries -Entrepreneurs	<i>Rent creation (bribing)</i>	<i>Organizational Corporatism</i>
surveyors	Export data manipulation	Use of intermediaries Hybrid (private sector legalized as surveyors by the government)	Surveyor Report manipulative	Exporters	Surveyors	<i>Rent seizing (mark-up and mark down)</i>	<i>Individual linear alliance</i>
Political bussines regional IUP	Manipulation of environmental impact analysis	Use of intermediaries (Three Ps with complex roles)	Coal IUP Sale	- Head of Regions -Paranormal	- Courier intermediaries - Women intermediary -Entrepreneurs -Regional Bureaucrats	<i>Rent creation (bribing)</i>	<i>Individual linear alliance</i>

Source: primary data analysis, 2018.

Table 3: Analysis actor, types and pattern of the Mafia Rent-Seeking Network Coal Mining

21. Policy Implication of Rice Policy

Policy Implication covered in this research were divided into different sector as followed: first, government reformation to avoid the intervention based on individual interest that may influence the policy and eliminate the benefit for the public, Second, production-based policy to be supported in order to achieve the long-term national goal of food sovereignty, Third, law enforcement is definitely recommended. Rent-seeking patterns explained in the research has shown the severe negative impact. One of the reason is insufficient punishment given for the actors misuse of rice policy and import mechanism. Fourth, certain legal status Bulog as food institution is needed with single main task to stabilize food. Only with its single status, Bulog may operate the duty efficiently and transparently.

21.1. Policy Implications of Coal Mining Policy

The proposed policy implications for preventing rent-seeking practices in coal mining policies are recommended for four different sectors and institutions, namely:

1. Mining and energy sector policies, namely to clarify regulations related to tenders (both manual/electronic) for coal mining business permits and the mechanism for extending coal contracts of work and/or changing them to coal mining business permits by making derivatives of Law No. 3 of 2020 concerning amendments to Law No. 4 of 2009 concerning mineral and coal mining, by enforcing tenders in coal mining permits it minimizes rent seeking practices in the process of issuing coal mining permits.
2. Forestry sector policy, namely that the government completes

the measurement of boundaries for forestry areas where boundaries have not been carried out, followed by a digitalization system of forestry boundaries, so that they are not easily manipulated for the benefit of rent seeking

3. Industry and trade sector policy, so that tenders are carried out for surveyors with control and balance against surveyor data through digitizing surveyor reports as a database for coal imports to avoid data manipulation.

4. Financial sector policy, namely by carrying out the develop-

ment of the digitization of the non-tax state income management system between the ministry of finance, the ministry of energy and mineral resources, and the ministry of trade, which contains data on production, business actors, sales, export-import, spatial-based business locations along with its monitoring and evacuation system which is integrated in real time, across ministries including producing regions to avoid rent-seeking practice of manipulating import data which is detrimental to the state.

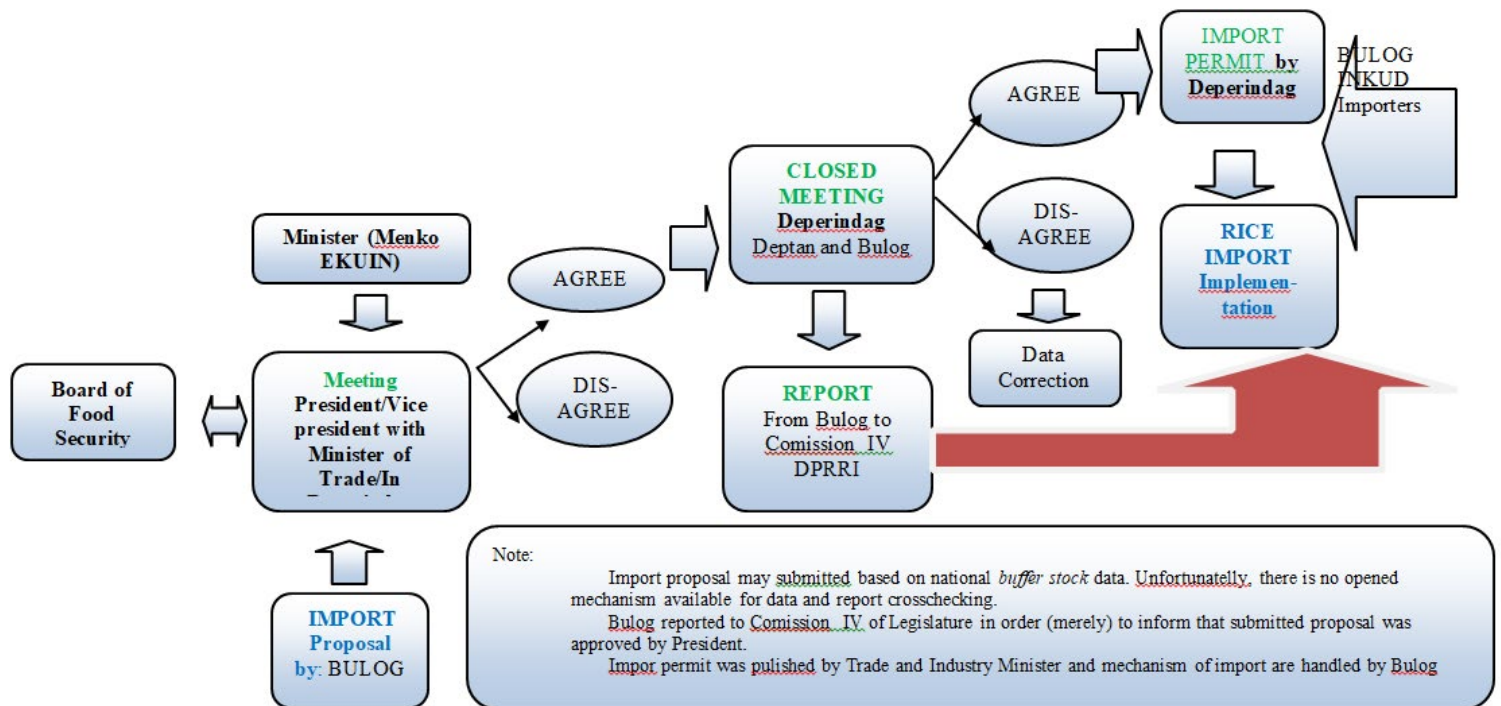


Figure 2: General Steps of Policy Making Process Rice Import

IMF Conditional, Rice for The Poor of World Bank Prescription, and WTO regulation

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